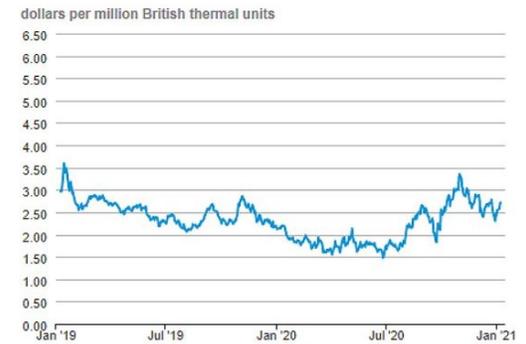


GENERAL UPDATE

- The February 2021 NYMEX Henry Hub traded up to \$2.716/MMBtu, a \$0.29 (+12.1%) increase from the previous Wednesday. The price of the 12-month strip averaging February 2021 through January 2022 futures contract was up \$0.23 (+8.8%) to \$2.837/MMBtu.
- Boston's Algonquin Citygate price went up \$0.44 (+17.3%) to \$2.99/MMBtu last Wednesday. Transco Zone 6 NYC price increased \$0.49 (+21.2%) to \$2.80/MMBtu.
- Pennsylvania's Dominion South rose \$0.35 (+17.8%) to \$2.32/MMBtu. Tennessee Zone 4 Marcellus spot price increased \$0.33 (+16.8%) to \$2.30/MMBtu.
- California prices fell last week. SoCal Citygate price decreased \$0.78 (-17.4%) to \$3.71/MMBtu last Wednesday. The price at Northern California PG&E Citygate fell \$0.08 (-2.2%) to \$3.56/MMBtu week over week.

Near-month natural gas futures prices (Nymex)



Source: CME Group as compiled by Bloomberg, L.P.

POWER

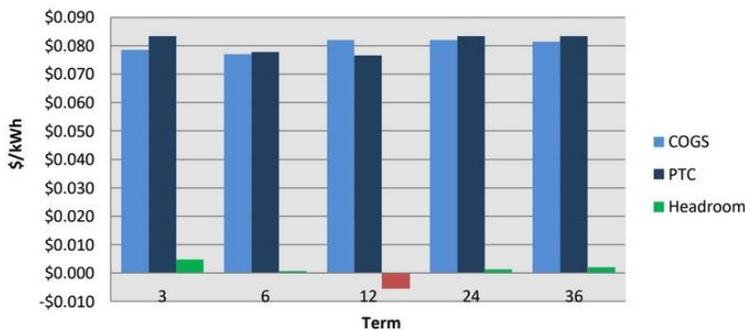
- Power markets moved higher to start the week as the market expects the return to normal and then below normal winter temperatures by the end of the month and into early February. Power prices should trend higher over the few weeks as every weather article is hyping up the return of the polar vortex so that will help push the curve higher. Given how warm the winter has been for us so far we are due for a weather pattern change and with the return of colder weather we should see shorter term prices move higher. Expect the curve to move higher as 11-15 weather forecasts start to highlight the change to a much colder weather pattern over the next week.
- The front of the curve did move sharply higher to start the week and the longer term winter 22 gas is still over the \$3 price level. Up in New England the MassHub 12 month peak is up to \$40.58 and Feb is up over \$2 to \$51.78. The NYISO NYC Zone (J) 12 month peak is up over \$1 to start the week at \$38.31. In PJM similar movement in all load zones and the West Hub 12 Month peak strip is up to \$34.35 and the 24 month peak is moving higher and currently at \$34.64.

UTILITY HIGHLIGHT

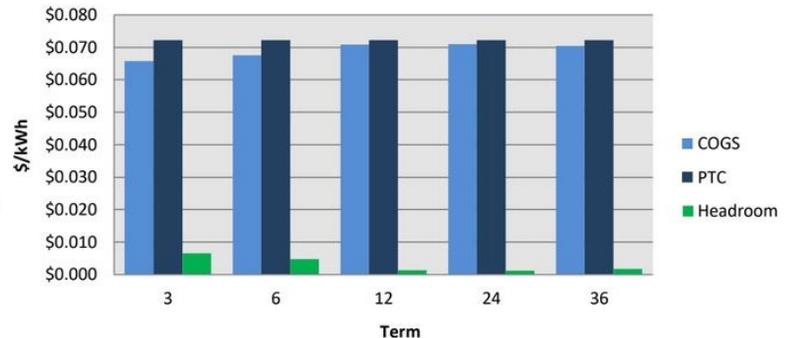
PEPCO > RMNS

PEPCO > MDND

PEPCO - RMNS



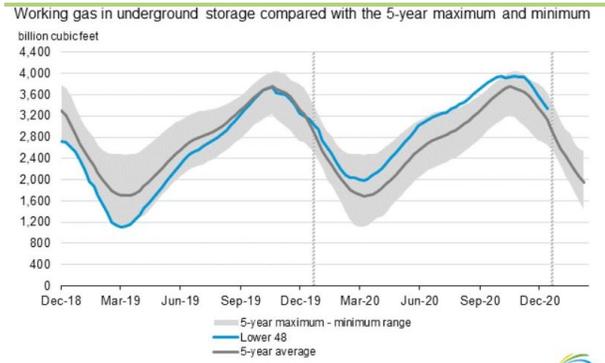
PEPCO - MDND



- The upcoming Price to Compare for Potomac Electric Power Company in Maryland (PEPCO -RMNS), Residential Non-Space Heating rate class (RMNS) is \$0.08347/kWh, in effect from Feb 1, 2021 to May 31, 2021.
- Headroom in the PEPCO - RMNS territory is now available in the shorter periods for contracts with 3 and 6 month terms. Headroom of \$0.00485/kWh and \$0.00075/kWh is likely for these periods, respectively.
- The current Price to Compare data for Potomac Electric Power Company in Maryland (PEPCO), General Service (MDND) is \$0.07217/kWh, in effect from Feb 1, 2021 to May 31, 2021.
- Headroom is available in the PEPCO - MDND market for the shorter periods for contracts with 3 and 6 month terms. Headroom of \$0.00648/kWh and \$0.00468/kWh is likely for these periods.

NATURAL GAS

- For the week ending January 1, 2021, the EIA reported net withdrawals from storage of 130 Bcf, which is more than last year's net withdrawal of 44 Bcf for this week and less than the 5-year (2015–19) average net withdrawals of 151 Bcf.
- Working natural gas in storage totaled 3,330 Bcf, which is 138 Bcf (+4.3%) higher than last year's working gas totals of 3,192 Bcf at the same time and 201 Bcf (+6.4%) higher than the 5-year (2015-2019) average of 3,129 Bcf. Total working gas is within the five-year historical range.

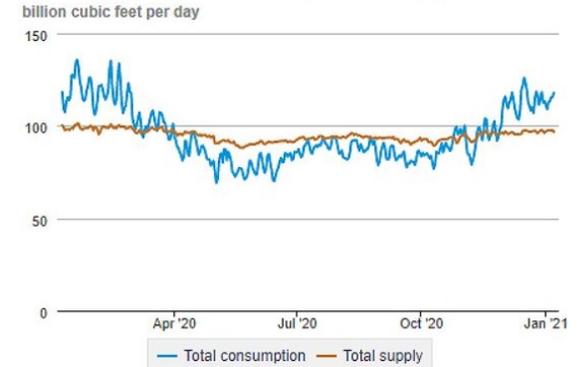


Source: U.S. Energy Information Administration
 Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2016 through 2020. The dashed vertical lines indicate current and year-ago weekly periods.

SUPPLY & DEMAND

- Average total supply of natural gas rose 0.2% week/week. Dry natural gas production decreased by 0.3% while net imports with Canada increased by 6.0% compared with the previous week.
- Total US consumption of natural gas fell by 2.9% since last week. Natural gas consumption for power generation increased 2.7%, industrial sector consumption decreased 0.9%, residential-commercial consumption decreased 7.6%, and exports to Mexico increased 8.2% compared to last week.
- US LNG exports decreased week over week, with 21 vessels departing US ports for a combined 77 Bcf.

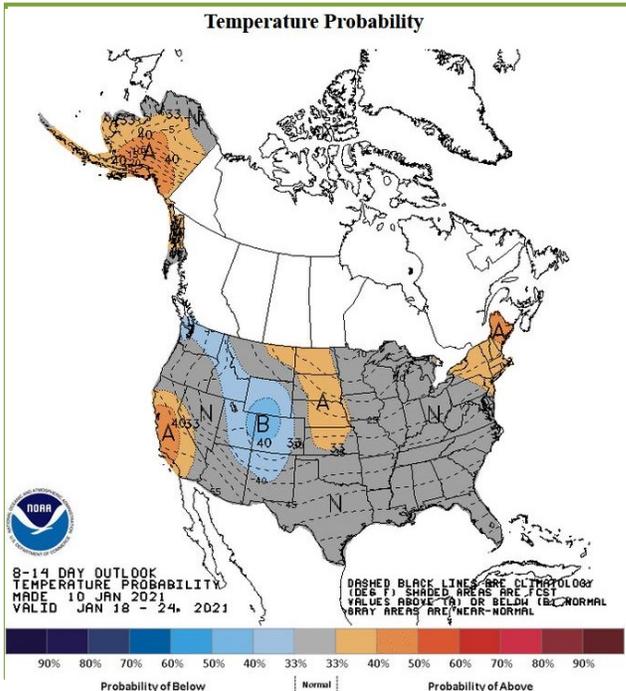
Total supply/demand balance (last 365 days)



Source: IHS Markit

MARKET INTELLIGENCE

On January 8th 2021, The U.S. Energy Information Administration (EIA), based on S&P Global Market Intelligence pricing, released a comparison of wholesale electricity prices for 2019 versus 2020. Monthly wholesale electricity prices across the major trading hubs in the United states were less volatile and lower in 2020 compared to 2019. The Electric Reliability Council of Texas (ERCOT) experienced 45% lower prices in 2020 versus 2019 as result of minimal price spikes in 2020, contrasted to multiple instances of \$9,000 price spikes in the summer of 2019. The California Independent System Operator (CAISO) had 5% lower prices in 2020 versus 2019. The difference in California would have been much more if it was not for a prolonged heat wave and wildfires that caused CAISO to experience unexpected electricity supply shortages that raised prices in the summer. The PJM prices were 22% lower year over year. The Midcontinent Independent Service Operator (MISO) prices were 14% lower year over year. In general, there were two main driving factors for the lowered pricing and reduced volatility in 2020. Low and stable electricity prices were supported by low natural gas prices, a primary fuel source for electricity generation and wholesale power prices were also suppressed by lower electricity demand as a result of restrictions from COVID-19 which especially impacted the industrial and commercial sectors.



WEATHER

- The lackluster winter continues into the New Year (2021) with most of the United States forecasted to still be in a bearish weather pattern with normal to above normal temperatures in the 8-14 window starting Jan 18th. The bulk of the United States is forecast for normal temperatures, while California, New York and the New England States have the highest probability for above normal temperatures.
- In the 8-14 day window, the Rocky Mountain States, Southern States, Middle Atlantic States and New England States are predicted to see above normal precipitation. The Southwestern States, California, and Texas are forecast to receive below normal precipitation. The remainder of the United States is expected to have normal precipitation. Central California has the highest probability for much below normal precipitation.

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